

**PCS ACTION, INC.'S
KEY RECOMMENDATIONS ON PCS LICENSING**

1. The PCS rulemaking should be finalized within 180 days of enactment of auction legislation, and PCS licenses should be issued within 270 days of auction legislation enactment.
 - The PCS industry is ready now to offer Americans a family of low-cost personal communications services. The only step needed for deployment of this new technology and the generation of new jobs and commercial activity is the issuance of commercial PCS licenses by the FCC.
2. At least 40 MHz of spectrum should be assigned to each PCS license. (See attached discussion points on 40 MHz.)
3. PCS licensing should be implemented in large license areas.
 - PCS licenses need to cover large enough areas to make this business viable, valuable, and competitive. In the cellular industry, for example, nine companies now control service to nearly 90 percent of our population. Small slices of geography would mean the death of a thousand cuts for PCS.
 - Large market areas will make PCS a worthy telecommunications competitor on Day One. They also will make possible the successful integration of rural telephone companies and other small business enterprises into an enormous new industry.
4. Two, and certainly no more than three, PCS licensees should be authorized in each PCS market.
 - PCS will be launched in markets already served by landline, cellular, SMR, and other mobile service providers. Balkanizing PCS by issuing too many licenses would keep any PCS licensee from competing effectively.

5. Congress and the FCC must take steps to ensure that PCS is a competitive service providing diversity in wireless communications.

- Because competition is nullified when an entity is matched up against itself, cellular incumbents and their affiliates should be free to apply for PCS licenses anywhere in the country except in their home region.
- In its home region, a cellular incumbent or its affiliate should be able to apply for a PCS license only if at the date of enactment it serves less than 20 percent of the population to be served by the PCS license.

**AT LEAST 40 MEGAHERTZ OF SPECTRUM
SHOULD BE ASSIGNED TO EACH LICENSEE**

1. Forty MHz per licensee is necessary given the presence of incumbent microwave systems in the band to be allocated to PCS. Comprehensive studies show that any allocation of less than 40 MHz of spectrum per licensee would cripple the deployment of PCS and jeopardize the public interest.
 - A. Unlike the bands allocated to cellular, the band in which PCS is being implemented contains almost 10,000 fixed microwave systems.
 - B. Public Safety Incumbents are permanently grandfathered in the bands to be allocated to PCS.
 - C. Under the FCC's transition plan, incumbent microwave users' involuntary relocation will not be required for three years from the commencement of PCS licensing.
 - D. A 40-MHz allocation provides room for the operation of PCS without interference by opening up at least twice as much spectrum as would allocations of 20 or 30 MHz. (See generally Comsearch, "Analysis of the 20 MHz, 30 MHz, and 40 MHz PCS Block Allocations," Comments of MCI Telecommunications Corp., FCC Gen. Dkt. 90-314 (Nov. 9, 1992).)
 - E. Forty MHz allotments to each licensee are necessary so PCS can coexist with microwave users during a transition period while some microwave users are reaccommodated to other bands. According to one study focusing on Detroit as a representative metropolitan area, an allotment of 40 MHz requires less initial relocation of public safety microwave users than with a 20- or 30-MHz plan. (See Comsearch, "Spectrum Allocations and Their Impact on Microwave User Relocations: A Case Study," April 12, 1993.)

2. Allocations of less than 40 MHz would mean that a PCS licensee would be unable to offer a viable and competitive service. Such allocations would result in substantial geographic areas having no spectrum at all for PCS -- even in markets that are critical for effective PCS roll-out.
 - A. A spectrum-availability study of the top 11 cities in the U.S. shows that where five licenses are allocated 20 MHz each, nearly 30 percent of the total area had no spectrum at all available for the implementation of PCS due to the use of spectrum by incumbents. (See generally American Personal Communications (APC), "Report on Spectrum Availability for PCS," FCC Gen. Dkt. 90-314; Nov. 1992.)
 - B. According to the APC report, even accounting for the relocation of some microwave users, some cities averaged more than 20 percent of the areas having no spectrum at all available for PCS.
 - C. A study of the San Diego MTA (major trading areas, or "MTAs," as defined by Rand McNally) indicates even more severe problems for the San Diego area. (See Reply Comments of Cox Enterprises, Inc., FCC Dkt. 90-134; January 8, 1993.)
 - D. A 20-MHz plan would result in extensive disruption, requiring approximately 50 percent of the existing microwave links, including 100 percent of the public safety links, to be relocated within three years of licensing. (Comsearch Case Study, April 12, 1993) Such massive relocations would not, of course, be permissible under the FCC's "transition plan."
 - E. Too-small allocations would necessitate a band-clearing strategy and prevent PCS licensees from having sufficient spectrum even to begin PCS implementation in the near term.
 - PCS cannot afford the luxury of rolling out its service gradually as cellular did in the competition-free environment of the mid-1980s. To be competitive, PCS will be forced to build out entire systems for an initial commercial launch.

- Delays would be unavoidable because all PCS licensees would be working simultaneously to relocate thousands of microwave users. Insufficient equipment, engineers, and FCC staff exist to accomplish this massive relocation without substantial delay.